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IN REPLY
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MEMORANDUM FOR COMMANDERS, DEFENSE CONTRACT MANAGEMENT DISTRICTS

SUBJECT: DCMC Memorandum No. 97- 61, Mechanization of Contract Administration Services (MOCAS) Data Input of Other Disbursing Office (ODO) Contracts (POLICY)

This is a POLICY memorandum. The new policy expires when content is included in DLAD 5000.4, Contract Management (One Book), not to exceed one year. Target Audience: All Administrative Contracting Officers (ACOs), Contract Administration Personnel and Operations Group Chiefs.

Defense Finance and Accounting Service (DFAS) Columbus recently changed their policy to only input contracts they pay. In order for DCMC to perform contract administration on contracts paid by another disbursing office, we must utilize automated systems. Since MOCAS is the Command-wide data base, we must ensure contracts paid by another disbursing office are posted to MOCAS. Effective July 1, 1997, DCMC Contract Administration Offices (CAOs) will assume responsibility for MOCAS data input of future and backlogged ODO contracts.

An ODO is a prime contract assigned to a DCMC CAO for full contract administration and is to be paid by a disbursing office other than DFAS Columbus in the MOCAS system. A contract paid via the Standard Automation Material Management System (SAMMS) would be an ODO, even though DFAS Columbus operates SAMMS. Note: A delegation for support is not an ODO.

The data input will occur in one of two ways: (a) an update of a Military Services Standard Contract Administration Procedures (MILSCAP) or Electronic Data Interchange (EDI) transmission, or (b) manual input of all data base records including the Contingent Liability Record and Line Item Schedule Summary Record. This input should be performed by CAO personnel presently inputting ACO issued contractual documents. ODOs are input in the same manner as a regular contract into the MOCAS system except that a "9" is entered into the PAYG-OFC field on the contract data record, the Department of Defense Address Activity Code (DODAAC) of the ODO is entered into the PAYG-OFC field on the accounting classification data record and a Standard ACO Coded Remark, R9-54, is entered. A processed ODO will reflect the obligated funds as "Obligated Other" and will have a zero unliquidated obligation (ULO). The zero ULO is system generated to prevent the possibility of duplicate payments.

All ODOs will be automatically assigned to Contract Administration Report Part A based on the presence of the R9-54. They will require manual closeout by the ACO through Notice of Last Action (NLA) processing (NLA G and F). The closeout should follow the existing process

for prime contracts except for final payment verification. I have signed a class deviation to Federal Acquisition Regulation (FAR) 4.804-05 (14) and (15), and Defense FAR Supplement 204.804-2 to allow contracts paid in SAMMS to be closed by the ACO without verification of a contractor's final invoice or excess funds review. Note: ODO contracts move to Section 2 automatically based on final (Z) DD 250 processing and balanced line items, or can be manually moved to Section 2 by CAO personnel. Contracts received for DCMC administration which are partial ODOs will continue to require excess fund review and final payment verification for the obligations portion paid in MOCAS prior to closeout.

DLA plans to pay firm fixed-price contracts in the SAMMS system beginning in July, 1997, for contracts that do not provide for either contract financing or price adjustments. It is expected that the Services will also pay certain contracts in payment systems other than MOCAS. This policy will be supplemented to provide specific guidance as these changes occur.

This policy will permit full DCMC Contract Administration in MOCAS of ODO contracts.

The DCMC point of contact for this issue is Bart Hogan, Contract Payment and Business Practices Team, (703) 767-3443 or DSN 427-3443. The Internet address is bart_hogan@hq.dla.mil. CAOs should contact their local Functional and System Support Team for technical assistance.

ROBERT W. DREWES
Major General, USAF
Commander

DEFENSE LOGISTICS AGENCY
HEADQUARTERS
8725 JOHN J. KINGMAN ROAD, SUITE 2533
FT. BELVOIR, VIRGINIA 22060-6221

MEMORANDUM FOR COMMANDERS, DEFENSE CONTRACT MANAGEMENT DISTRICTS
                COMMANDERS, DEFENSE SUPPLY CENTERS

SUBJECT: Class Deviation from Federal Acquisition Regulation
           (FAR) 4.804-5(a)(14),(15), and (b)(9), and Defense
           FAR Supplement (DFARS) 204.804-2

        The Defense Finance and Accounting Service (DFAS) charges for
payment services based on which payment system it uses for payment
processing. DLA contracts retained for administration are normally
paid by the Standard Automation Material Management System (SAMMS).
DLA contracts delegated to the Defense Contract Management Command
(DCMC) for administration are normally paid by the Mechanization of
Contract Administration Services (MOCAS) system. The charges for
payments made by SAMMS are significantly less than those made by
MOCAS. Therefore, DLA has proposed that firm fixed-price contracts
that do not provide for either contract financing or price
adjustments be paid by SAMMS, even when delegated to DCMC. Under
this proposal, DLA contracts will be administered in MOCAS, but
paid by SAMMS.

        FAR 4.804-5 provides detailed administration office
responsibilities for contract closeout. Specifically,
FAR 4.804-5(a)(14) requires verification that a final invoice has
been submitted. FAR 4.804-5(a)(15) requires that a contract funds
review be completed and that excess funds be identified to the
buying office for deobligation. FAR 4.804-5(b)(9) requires that
the contract completion statement include the number and date of
the final invoice. A deviation to these FAR requirements is
necessary because the administration office will not have
visibility into the financial transaction to perform these
functions when payment is made by SAMMS. Therefore, these contract
closeout responsibilities must be performed by the DLA contracting
office when payment is made by SAMMS.

        DFARS 204.804-2(1)(iv) requires that the final DD Form 1594 or
MILSCAP transaction be triggered by the final payment. Since the

administration office will not receive final payment information, a deviation is required to trigger these actions based on receipt of a final DD Form 250.

Therefore, I authorize DCMC contract administration offices to deviate from FAR 4.804-5(a)(14), (15), and (b)(9), and DFARS 204.804-2(1)(iv) when administering DLA contracts paid by SAMMS.

This deviation will not have a significant effect beyond the internal operating procedures of the Agency or have a significant cost or administrative impact on contractors. This deviation is granted pursuant to the class deviation authority delegated by Director, Defense Procurement to Director, DLA by memorandum dated October 2, 1996, and further redelegated to me on October 17, 1996. This deviation expires within 3 years of its date or upon incorporation in Agency regulations, whichever is sooner.

ROBERT W. DREWES
Major General, USAF
Deputy Director
(Acquisition)